

VZCZCXYZ0003
RR RUEHWEB

DE RUEHSJ #0213 0361707
ZNR UUUUU ZZH
R 051707Z FEB 07
FM AMEMBASSY SAN JOSE
TO RUEHC/SECSTATE WASHDC 7142
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS SAN JOSE 000213

SIPDIS

WHA/CEN

SIPDIS

E.O. 12958: N/A
TAGS: [EINV](#) [ETRD](#) [ECON](#) [CS](#)
SUBJECT: TOURISM LAGS IN COSTA RICA

¶1. Summary: Costa Rican tourism officials recently released data for the first eight months of 2006 which suggest that tourism growth is slowing in Costa Rica despite apparent gains elsewhere in Latin America. In addition, the data indicates that tourism from North American markets to Costa Rica has actually declined. In 2005 tourism represented 7.9% of GDP and employed approximately 365,000 people. End Summary.

¶2. GOCR recently released tourism data for the first eight months of 2006 indicating that versus the same period in 2005 tourism grew only 1.8% in 2006. Tourism from North America actually declined 3.3% during that period. Note: entry figures by foreigners overstate real tourism since many "tourists" are in fact residents who simply leave and re-enter the country four times each year rather than pay for the much more complicated and expensive process of actually getting official residency status.

¶3. The nearly 650,000 North Americans who entered Costa Rica in the first eight months of 2006 represent 50% of all tourist entries into the country. GOCR spent heavily on advertising in Germany before and during the 2006 Soccer World Cup in an attempt to increase tourism from Germany with disappointing results. Costa Rica dumped \$4.5 million into an advertising blitz during the World Cup games in June. Although there may be some lag time before a visible return on investment, tourism officials are chagrined that the latest statistics show a 2.6 percent decline in visitors from Germany during the first eight months of 2006.

¶4. Tourism operators are impatient with the slowness of data collection since they must rely upon it for planning purposes. In addition, some traditional operators are concerned that tourism is shifting away from the Central Valley and Caribbean coast to the Pacific coast, especially the Guanacaste region, due to increasing use of the airport at Liberia. The shift in tourism to Guanacaste is likely to accelerate with the establishment of U.S. chain hotels such as Hyatt, Hilton, St. Regis and Holiday Inn, all of whom have development plans at various stages.

¶5. The growth in Guanacaste masks serious declines in other areas of the country. The minister of public transportation has expressed interest in developing several new international airports in areas currently difficult to reach in order to disburse the economic benefits of tourism.

LANGDALE